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## Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 [Japanese GAAP]

May 8, 2024

Company name: NIHON TOKUSHU TORYO CO., LTD.

Stock exchange listing: Tokyo Stock Exchange

Code number: 4619

URL: <https://www.nttoryo.co.jp>

Representative: Hiroshi Onda, President, COO

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Scheduled date of ordinary general shareholders meeting: June 21, 2024

Scheduled date of commencing dividend payments: June 24, 2024

Scheduled date of filing annual securities report: June 21, 2024

Availability of supplementary explanatory materials on annual financial results: No

Schedule of annual financial results briefing session: Yes (for analysts and institutional investors)

(Amounts of less than one million yen are rounded down.)

### 1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 - March 31, 2024)

#### (1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2024	64,693	6.5	3,905	139.4	5,963	89.8	3,947	87.7
March 31, 2023	60,738	10.9	1,631	10.0	3,141	19.7	2,103	61.7

Note: Comprehensive income Fiscal year ended March 31, 2024: ¥8,985 million [138.8%]

Fiscal year ended March 31, 2023: ¥3,762 million [4.1%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
March 31, 2024	181.57	–	7.9	7.0	6.0
March 31, 2023	96.77	–	4.6	3.9	2.7

Reference: Share of profit (loss) of entities accounted for using equity method

Fiscal year ended March 31, 2024: ¥1,371 million

Fiscal year ended March 31, 2023: ¥983 million

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2024	87,456	59,565	61.1	2,455.58
As of March 31, 2023	82,033	52,211	56.3	2,125.01

Reference: Equity As of March 31, 2024: ¥53,397 million

As of March 31, 2023: ¥46,193 million

### (3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2024	9,317	533	(5,092)	15,876
March 31, 2023	6,198	(1,588)	(2,818)	10,853

### 2. Dividends

	Annual dividends per share					Total dividends (annual)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2023	–	20.00	–	22.00	42.00	917	43.4	2.0
March 31, 2024	–	21.00	–	25.00	46.00	1,004	25.3	2.0
March 31, 2025 (forecast)	–	22.00	–	26.00	48.00		36.0	

### 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 - March 31, 2025)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	31,500	0.5	1,340	(4.6)	2,340	(9.7)	1,650	(8.2)	75.89
Full year	62,100	(4.0)	2,800	(28.3)	4,300	(27.9)	2,900	(26.5)	133.38

#### \* Notes:

(1) Changes in significant subsidiaries during the period under review: No

(Changes in specified subsidiaries resulting in changes in scope of consolidation)

Newly included: – (Company name: –)

Excluded: – (Company name: –)

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(3) Total number of issued and outstanding shares (common shares)

1) Total number of issued and outstanding shares at the end of the period (including treasury shares):

March 31, 2024:	23,611,200 shares
March 31, 2023:	23,611,200 shares

2) Total number of treasury shares at the end of the period:

March 31, 2024:	1,865,799 shares
March 31, 2023:	1,873,135 shares

3) Average number of shares during the period:

Year ended March 31, 2024:	21,742,830 shares
Year ended March 31, 2023:	21,731,534 shares

**(Reference) Summary of Non-consolidated Financial Results**

**1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 - March 31, 2024)**

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2024	48,832	13.4	2,280	—	4,815	143.2	3,894	74.0
March 31, 2023	43,073	12.7	(405)	—	1,979	12.5	2,238	30.1

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2024	178.32	—
March 31, 2023	102.57	—

(2) Non-consolidated Financial Position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
March 31, 2024	60,889	38,827	63.8	1,777.44
March 31, 2023	56,274	32,996	58.6	1,511.21

(Reference) Equity: As of March 31, 2024: ¥38,827 million

As of March 31, 2023: ¥32,996 million

\* These consolidated financial results are outside the scope of audit by certified public accountants or an audit firm.

\* Explanation of the proper use of financial results forecast and other notes

(Cautionary statement regarding forward-looking statements, etc.)

The forward-looking statements in this document, including the financial results forecast, are based on information currently available to the Company and certain assumptions that the Company considers reasonable, and the Company does not promise that it will achieve such results. Actual results may differ significantly due to various factors. Please refer to “1. Overview of Operating Results, etc. (4) Future Outlook” on page 3 of the attached materials for the assumptions used in forecasting financial results and precautionary statements regarding the use of financial results forecasts.

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## 1. Overview of Operating Results, etc.

### (1) Overview of Operating Results for the Fiscal Year under Review

In the fiscal year ended March 31, 2024 (the “fiscal year under review”), the Japanese economy was on a moderate recovery due to the reduction in the impact of COVID-19. However, the outlook for the economy remained uncertain primarily due to lingering inflation, monetary tightening among the major countries, a fluctuation of foreign exchange, and unstable situation in Ukraine and the Middle East.

Under these circumstances, NIHON TOKUSHU TORYO CO., LTD. (the “Company”) and its subsidiaries (collectively, the “Group”) have been striving to enhance its corporate value through continuous focuses on strengthening its revenue base, developing new technologies and products, and promoting sustainability management, as set forth in the basic strategies of the medium-term management plan.

As a result, in the fiscal year under review, net sales totaled 64,693 million yen (up 6.5% year on year) mainly due to a sales increase in the automotive products-related business.

On the profit front, operating profit was 3,905 million yen (up 139.4% year on year). This is mainly attributable to an increase in net sales thanks to the markup of products along with the continuous initiatives to reduce costs and expenses. Ordinary profit totaled 5,963 million yen (up 89.8% year on year) due to the impact of share of profit of entities accounted for using equity method and foreign exchange fluctuations, and profit attributable to owners of parent totaled 3,947 million yen (up 87.7% year on year).

Performance by reportable segment is as follows (sales for each segment exclude inter-segment net sales).

#### **Paints & coatings-related business**

Net sales for the paints & coatings-related segment totaled 20,612 million yen (up 0.2% year on year). Normalization of social and economic activities and the moderate recovery of the domestic economy, propelled sales of paints for buildings and structures, especially waterproofing materials and floor coatings, our main product line. In addition, the markup of products, contributed to the net sales. On the profit front, segment profit totaled 456 million yen (segment loss of 113 million yen in the previous fiscal year) because of the successful cost and expense reduction initiatives.

#### **Automotive products-related business**

Net sales for the automotive products-related segment totaled 44,066 million yen (up 9.7% year on year). The recovery of domestic automobile production volume at the Company’s major customers drove sales of sound-absorbing, sound-insulation parts and coatings such as rust-proof coatings, which are our main products. In addition, the markup of products, contributed to the net sales. On the profit front, segment profit totaled 3,439 million yen (up 98.0% year on year) due to increased sales and higher productivity and profitability driven by continuous cost and expenses reduction initiatives.

#### **Other business**

Net sales of the insurance agency business totaled 15 million yen (up 1.1% year on year).

## (2) Overview of Financial Position for the Fiscal Year under Review

### **Total assets**

The Company's total assets as of the end of the fiscal year under review increased by 5,422 million yen year on year to 87,456 million yen. This was primarily due to an increase in cash and deposits of 5,023 million yen, a decrease in accounts receivable - trade of 956 million yen, a decrease in property, plant and equipment of 1,876 million yen, and an increase in investment securities of 4,744 million yen.

### **Liabilities**

Total liabilities decreased by 1,931 million yen year on year to 27,890 million yen. This was primarily due to a decrease in borrowings of 3,414 million yen despite an increase in deferred tax liabilities of 1,461 million yen.

### **Net assets**

Net assets increased by 7,354 million yen year on year to 59,565 million yen. This was primarily due to increases in retained earnings of 3,008 million yen, valuation difference on available-for-sale securities of 2,893 million yen, and foreign currency translation adjustment of 1,040 million yen. The equity ratio increased by 4.7% to 61.1%.

## (3) Overview of Cash Flows for the Fiscal Year under Review

Cash and cash equivalents (hereinafter referred to as "funds") at the end of the fiscal year under review increased by 5,023 million yen to 15,876 million yen.

Funds from operating activities resulted in an inflow of 9,317 million yen (compared with an inflow of 6,198 million yen in the previous fiscal year). This was primarily due to the recording of profit before income taxes of 5,966 million yen, a decrease in trade receivables of 1,260 million yen, and interest and dividends received of 1,814 million yen, the income taxes paid of 876 million yen.

Funds from investing activities resulted in an inflow of 533 million yen (compared with an outflow of 1,588 million yen in the previous fiscal year). This was primarily due to purchase of property, plant and equipment and intangible assets of 1,244 million yen and proceeds from collection of loans receivable of 1,560 million yen.

Funds from financing activities resulted in an outflow of 5,092 million yen (compared with an outflow of 2,818 million yen in the previous fiscal year). This was primarily due to net decrease in short-term borrowings of 2,250 million yen, repayments of long-term borrowings of 1,163 million yen, and dividends paid of 935 million yen.

## (4) Future Outlook

With regard to the outlook for the future, despite an expected gradual economic recovery underpinned by an improved employment and income environment, we expect a challenging business condition to continue due to many causes for concern, including prolonged inflation, economic slowdown associated with monetary tightening, exchange rate fluctuations, and increased geopolitical risks. Especially, sustained high prices of raw materials and energy as well as expected higher freight and labor costs will weigh on Japan's economy.

Based on the above, the Company revised the performance targets for the final year (Fiscal year ending March 31, 2025) set forth in the current medium-term management plan. The consolidated financial results forecast for the fiscal year ending March 31, 2025 is as follows: net sales of 62,100 million yen (down 4.0% year on year), operating profit of 2,800 million yen (down 28.3% year on year), ordinary profit of 4,300 million yen (down 27.9% year on year), and profit attributable to owners of parent of 2,900 million yen (down 26.5% year on year).

In principle, the Company maintains the basic strategies outlined in the medium-term management plan, except for the performance targets. In the tough business environment, the Company will tackle cost-push factors by strengthening the development of new technologies and new products focusing on functionality, weight reduction, and environmental responsiveness, which are the Company's strengths, streamlining the production system including the reassessment of production process, and promoting operational efficiency through the digital transformation initiatives.

Furthermore, in the fiscal year ending March 31, 2025, the Company will prepare a new medium-term management plan, incorporating forward-looking management strategies including capital and financial strategies to enhance the price-book value ratio (PBR).

(Million yen)

	Fiscal year ended March 31, 2023 (Actual)	Fiscal year ended March 31, 2024 (Actual)	Fiscal year ending March 31, 2025	
			Performance targets set forth in the Medium-term management plan	Revised targets (Financial results forecast)
Net sales	60,738	64,693	65,000	62,100
Operating profit	1,631	3,905	4,300	2,800
Ordinary profit	3,141	5,963	6,100	4,300
Profit attributable to owners of parent	2,103	3,947	4,300	2,900
ROE	4.6%	7.9%	10.0% or more	

The outlook for business performance for the fiscal year ending March 31, 2025 by reportable segment is as follows.

(Million yen)

	Net sales		Segment profit	
		YoY change		YoY change
Paints & coatings-related business	20,500	(0.5)%	430	(5.9)%
Automotive products-related business	41,600	(5.6)%	2,370	(31.1)%

#### (5) Basic Policy on Profit Allocation and Dividends for the Current and Following Fiscal Years

We pursue the substantial return of profit to our shareholders by strengthening profitability and maintaining a sound financial condition focused on cash flow, which has been positioned as an important management task of the Company.

On the other hand, the management environment surrounding the business of the Group is experiencing further intensifying development competition for catering to the needs of customers and the age amid rapidly advancing worldwide technological innovation including information and telecommunications technology. The Group is also required to address various and complicated issues such as carbon neutrality and human rights.

Under such environment, in order to maintain competitiveness and improve profitability in the future, we must continue to develop high-value-added technology and products through aggressive R&D investments, invest in tangible and intangible assets for enhancing productivity in consideration of their environmental impacts, etc., and furthermore, invest in human resources who will underpin the Group's sustainable growth.

Accordingly, based on the medium- to long-term management plan, with a focus placed on maintaining stable dividends and increasing internal funds for strategic investment described above, the distribution of profits is decided in comprehensive consideration of factors such as financial condition, profit levels, and the payout ratio as the Company's basic policy.

Based on the above policy, we plan to pay a year-end dividend of 25 yen per share for the fiscal year under review. As a result, the annual dividend per share, including an interim dividend of 21 yen, will be 46 yen per share.

For the fiscal year ending March 31, 2025, we expect to pay an annual dividend of 48 yen per share, including an interim dividend of 22 yen per share and a year-end dividend of 26 yen.

## 2. Basic Policy on Selection of Accounting Standards

The Group intends to prepare consolidated financial statements based on Japanese accounting standards for the time being to facilitate comparability between periods and with other companies. However, going forward, the Company will consider applying international accounting standards depending on various circumstances inside and outside Japan.

### 3. Consolidated Financial Statements and Principal Notes

#### (1) Consolidated Balance Sheets

(Million yen)

	As of March 31, 2023	As of March 31, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	10,870	15,894
Notes receivable - trade	694	606
Electronically recorded monetary claims - operating	3,362	3,876
Accounts receivable - trade	11,980	11,023
Contract assets	2,456	1,812
Merchandise and finished goods	1,670	1,768
Work in process	888	1,123
Raw materials and supplies	1,583	1,623
Income taxes refund receivable	37	1
Other	2,470	827
Allowance for doubtful accounts	(2)	(2)
Total current assets	36,013	38,555
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	10,234	9,792
Machinery, equipment and vehicles, net	7,732	6,730
Land	4,679	4,679
Construction in progress	466	242
Other, net	1,187	977
Total property, plant and equipment	24,299	22,422
Intangible assets		
Other	1,247	1,236
Total intangible assets	1,247	1,236
Investments and other assets		
Investment securities	18,423	23,167
Long-term loans receivable	156	127
Deferred tax assets	88	102
Other	1,863	1,902
Allowance for doubtful accounts	(57)	(58)
Total investments and other assets	20,473	25,241
Total non-current assets	46,020	48,900
Total assets	82,033	87,456



(Million yen)

	As of March 31, 2023	As of March 31, 2024
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	9,882	9,896
Electronically recorded obligations - operating	3,921	3,469
Short-term borrowings	5,314	2,794
Lease liabilities	7	11
Income taxes payable	469	1,007
Provision for bonuses for directors (and other officers)	75	61
Other	3,924	4,165
Total current liabilities	23,595	21,405
Non-current liabilities		
Long-term borrowings	2,045	1,151
Lease liabilities	17	19
Retirement benefit liability	3,213	2,895
Deferred tax liabilities	842	2,303
Other	107	115
Total non-current liabilities	6,226	6,485
Total liabilities	29,822	27,890
<b>Net assets</b>		
Shareholders' equity		
Share capital	4,753	4,753
Capital surplus	4,207	4,212
Retained earnings	31,734	34,742
Treasury shares	(1,102)	(1,099)
Total shareholders' equity	39,592	42,608
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,273	7,166
Foreign currency translation adjustment	2,180	3,220
Remeasurements of defined benefit plans	147	401
Total accumulated other comprehensive income	6,601	10,789
Non-controlling interests	6,017	6,168
Total net assets	52,211	59,565
Total liabilities and net assets	82,033	87,456

(2) Consolidated Statements of Income and Comprehensive Income  
Consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Net sales	60,738	64,693
Cost of sales	49,652	50,698
Gross profit	11,085	13,994
Selling, general and administrative expenses	9,454	10,089
Operating profit	1,631	3,905
Non-operating income		
Interest income	101	117
Dividend income	220	225
Foreign exchange gains	103	221
Rental income from real estate	52	52
Share of profit of entities accounted for using equity method	983	1,371
Other	156	157
Total non-operating income	1,618	2,145
Non-operating expenses		
Interest expenses	64	41
Other	43	45
Total non-operating expenses	108	87
Ordinary profit	3,141	5,963
Extraordinary income		
Gain on sale of non-current assets	68	11
Insurance claim income	–	23
Gain on sale of investment securities	529	28
Compensation income	44	–
Total extraordinary income	642	63
Extraordinary losses		
Loss on disposal of non-current assets	88	24
Loss on sale of investment securities	–	7
Settlement payments	–	11
Removal cancel loss	–	16
Total extraordinary losses	88	59
Profit before income taxes	3,694	5,966
Income taxes - current	953	1,374
Income taxes - deferred	41	71
Income taxes - refund	(128)	(1)
Total income taxes	866	1,444
Profit	2,828	4,522
Profit attributable to non-controlling interests	725	574
Profit attributable to owners of parent	2,103	3,947

## Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Profit	2,828	4,522
Other comprehensive income		
Valuation difference on available-for-sale securities	(725)	2,868
Foreign currency translation adjustment	459	551
Remeasurements of defined benefit plans, net of tax	(42)	258
Share of other comprehensive income of entities accounted for using equity method	1,242	784
Total other comprehensive income	933	4,463
Comprehensive income	3,762	8,985
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,820	8,135
Comprehensive income attributable to non-controlling interests	941	850

(3) Consolidated Statements of Changes in Net Assets  
For the fiscal year ended March 31, 2023

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,753	4,194	30,547	(1,112)	38,383
Changes during period					
Dividends of surplus			(916)		(916)
Profit attributable to owners of parent			2,103		2,103
Purchase of treasury shares				(2)	(2)
Disposal of treasury shares		12		12	25
Net changes in items other than shareholders' equity					–
Total changes during period	–	12	1,186	9	1,209
Balance at end of period	4,753	4,207	31,734	(1,102)	39,592

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Restated balance	4,989	702	191	5,883	5,458	49,725
Changes during period						
Dividends of surplus				–		(916)
Profit attributable to owners of parent				–		2,103
Purchase of treasury shares				–		(2)
Disposal of treasury shares				–		25
Net changes in items other than shareholders' equity	(716)	1,477	(43)	717	559	1,277
Total changes during period	(716)	1,477	(43)	717	559	2,486
Balance at end of period	4,273	2,180	147	6,601	6,017	52,211

For the fiscal year ended March 31, 2024

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Restated balance	4,753	4,207	31,734	(1,102)	39,592
Changes during period					
Dividends of surplus			(939)		(939)
Profit attributable to owners of parent			3,947		3,947
Purchase of treasury shares				(3)	(3)
Disposal of treasury shares		4		5	10
Net changes in items other than shareholders' equity					–
Total changes during period	–	4	3,008	2	3,016
Balance at end of period	4,753	4,212	34,742	(1,099)	42,608

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Restated balance	4,273	2,180	147	6,601	6,017	52,211
Changes during period						
Dividends of surplus				–		(939)
Profit attributable to owners of parent				–		3,947
Purchase of treasury shares				–		(3)
Disposal of treasury shares				–		10
Net changes in items other than shareholders' equity	2,893	1,040	253	4,187	150	4,338
Total changes during period	2,893	1,040	253	4,187	150	7,354
Balance at end of period	7,166	3,220	401	10,789	6,168	59,565

## (4) Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
<b>Cash flows from operating activities</b>		
Profit before income taxes	3,694	5,966
Depreciation	3,179	3,090
Increase (decrease) in retirement benefit liability	(162)	52
Increase (decrease) in allowance for doubtful accounts	0	1
Interest and dividend income	(322)	(342)
Interest expenses	64	41
Share of loss (profit) of entities accounted for using equity method	(983)	(1,371)
Loss (gain) on sale of non-current assets	(67)	(2)
Loss (gain) on disposal of non-current assets	87	16
Loss (gain) on sale of investment securities	(529)	(20)
Insurance claim income	–	(23)
Decrease (increase) in trade receivables	(1,619)	1,260
Decrease (increase) in inventories	551	(347)
Increase (decrease) in trade payables	1,747	(471)
Other, net	106	512
Subtotal	5,748	8,361
Interest and dividends received	1,504	1,814
Interest paid	(64)	(42)
Proceeds from insurance income	–	23
Income taxes paid	(1,118)	(876)
Income taxes refund	128	37
Net cash provided by (used in) operating activities	6,198	9,317
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment and intangible assets	(2,286)	(1,244)
Proceeds from sale of property, plant and equipment and intangible assets	93	34
Purchase of investment securities	(10)	(11)
Proceeds from sale of investment securities	574	145
Loan advances	(7)	–
Proceeds from collection of loans receivable	29	1,560
Other, net	18	47
Net cash provided by (used in) investing activities	(1,588)	533
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	(11)	(2,250)
Repayments of long-term borrowings	(1,456)	(1,163)
Purchase of treasury shares	–	(0)
Dividends paid	(912)	(935)
Dividends paid to non-controlling interests	(435)	(733)
Other, net	(2)	(8)
Net cash provided by (used in) financing activities	(2,818)	(5,092)
Effect of exchange rate change on cash and cash equivalents	130	265
Net increase (decrease) in cash and cash equivalents	1,922	5,023
Cash and cash equivalents at beginning of period	8,931	10,853
Cash and cash equivalents at end of period	10,853	15,876

## (5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Segment information)

### 1. Overview of reportable segments

The Company's reportable segments are components of the Company for which segregated financial information is available, and are subject to regular review by the Board of Directors to determine how to allocate management resources and evaluate performance.

The Company has established the Paints & Coatings Group and the Automotive Products Group at its head office, and formulates comprehensive domestic and overseas strategies for the products and services it handles with the two groups operating business activities in cooperation with subsidiaries and affiliates in their respective business domains.

As such, the Company comprises individual product and service segments based on each group, and has two reportable segments, the paints & coatings-related business and the automotive products-related business.

The paints & coatings-related business covers primarily the manufacture and sale of paints and coatings, as well as contract construction work. The automotive products-related business focuses largely on the manufacture and sales of automotive parts, such as soundproofing materials and anti-corrosive coatings for automobiles.

### 2. Method for calculating the monetary totals for net sales, profit or loss, assets or liabilities, and other items by reportable segment

The accounting method used for reportable business segments is generally the same as those used in the preparation of the consolidated financial statements.

Segment profit is based on operating profit. Inter-segment net sales and transfers are based on prevailing market prices.

3. Information on net sales, profit or loss, assets or liabilities and other items by reportable segment  
Fiscal year ended March 31, 2023

(Million yen)

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Consolidation (Note 3)
	Paints & coatings-related	Automotive products-related	Total				
Net sales							
Net sales to outside customers	20,565	40,157	60,723	15	60,738	–	60,738
Inter-segment net sales or transfers	3	–	3	–	3	(3)	–
<b>Total</b>	<b>20,569</b>	<b>40,157</b>	<b>60,726</b>	<b>15</b>	<b>60,741</b>	<b>(3)</b>	<b>60,738</b>
Segment profit (loss)	(113)	1,737	1,623	7	1,631	–	1,631
Segment assets	13,176	52,568	65,744	74	65,819	16,214	82,033
Other items							
Depreciation	260	2,916	3,176	–	3,176	–	3,176
Share of profit of entities accounted for using equity method	36	947	983	–	983	–	983
Investment in entities accounted for using equity method	353	11,066	11,419	–	11,419	–	11,419
Increase in property, plant and equipment and intangible assets	126	2,067	2,193	–	2,193	23	2,217

- Notes:
1. “Other” represents businesses not included in reportable segments, namely, the insurance agency business.
  2. “Adjustment” consists of the following.  
Adjustment of segment assets of 16,214 million yen and the increase in property, plant and equipment and intangible assets of 23 million yen comprise company-wide assets not allocated to individual reportable segments. Company-wide assets consist mainly of the Company’s surplus funds (cash and cash equivalents, etc.), funds for longer-term investments and loans (investment securities, etc.) and assets relating to the Company’s management departments.
  3. Segment profit (loss) is adjusted with operating profit on the consolidated financial statements.



Fiscal year ended March 31, 2024

(Million yen)

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Consolidation (Note 3)
	Paints & coatings-related	Automotive products-related	Total				
Net sales							
Net sales to outside customers	20,612	44,066	64,678	15	64,693	–	64,693
Inter-segment net sales or transfers	3	–	3	–	3	(3)	–
Total	20,615	44,066	64,682	15	64,697	(3)	64,693
Segment profit	456	3,439	3,896	9	3,905	–	3,905
Segment assets	13,126	49,964	63,091	85	63,177	24,279	87,456
Other items							
Depreciation	249	2,839	3,088	–	3,088	–	3,088
Share of profit of entities accounted for using equity method	26	1,344	1,371	–	1,371	–	1,371
Investment in entities accounted for using equity method	379	11,853	12,232	–	12,232	–	12,232
Increase in property, plant and equipment and intangible assets	77	744	822	–	822	48	870

- Notes:
1. “Other” represents businesses not included in reportable segments, namely, the insurance agency business.
  2. “Adjustment” consists of the following.  
Adjustment of segment assets of 24,279 million yen and the increase in property, plant and equipment and intangible assets of 48 million yen comprise company-wide assets not allocated to individual reportable segments. Company-wide assets consist mainly of the Company’s surplus funds (cash and cash equivalents, etc.), funds for longer-term investments and loans (investment securities, etc.) and assets relating to the Company’s management departments.
  3. Segment profit is adjusted with operating profit on the consolidated financial statements.

(Per share information)

Fiscal year ended March 31, 2023		Fiscal year ended March 31, 2024	
Net assets per share (Yen)	2,125.01	Net assets per share (Yen)	2,455.58
Basic earnings per share (Yen)	96.77	Basic earnings per share (Yen)	181.57
Diluted earnings per share is not presented because there were no potential shares.		Diluted earnings per share is not presented because there were no potential shares.	

Note: Basis of calculation

1. The basis for calculating net assets per share is as follows.

	As of March 31, 2023	As of March 31, 2024
Total of net assets section (Million yen)	52,211	59,565
Amount deducted from the total of net assets (Million yen)	6,017	6,168
[of which, share acquisition rights]	—	—
[of which, amount attributable to non-controlling shareholders]	[6,017]	[6,168]
Net assets pertaining to common shares (Million yen)	46,193	53,397
Number of common shares used to calculate net assets per share (Thousand shares)	21,738	21,745

2. The basis for calculating earnings per share is as follows.

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Basic earnings per share (Yen)		
Profit attributable to owners of parent (Million yen)	2,103	3,947
Amount not attributable to common shareholders (Million yen)	—	—
Profit attributable to owners of parent relating to common shares (Million yen)	2,103	3,947
Average number of common shares during the period (Thousand shares)	21,731	21,742
Diluted earnings per share (Yen)	—	—

(Significant subsequent events)

Not applicable.